



Tony Knowles, Governor

## Department of Community and Economic Development

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### PRESS RELEASE

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#### **ALASKA EXPORTS STABLE DESPITE DOMESTIC DESTINATION OF OIL** **Export Picture Brighter than Expected**

According to the U. S. Department of Commerce, Census Bureau, the dollar value of Alaska exports is up slightly from last year at this time. Exports through the third quarter of 2001 totaled \$2.0 billion. This was up \$7 million from the third quarter of 2000.

"This is good news for Alaska," said Governor Tony Knowles. "Ever since the beginning of this administration, we have worked to emphasize that Alaska is open and ready for business. It looks like our customers overseas have gotten the message."

Seafood exports were up 21% totaling slightly over \$1 billion through the third quarter of 2001. Despite negative news in the salmon and crab industry, groundfish such as pollock and pollock roe helped seafood exports post strong gains so far in 2001. Increased production helped Alaska's mineral exports post a 21% gain through the third quarter in spite of a decline in zinc prices. Fertilizer exports were up 30% on increased exports from Agrium's fertilizer plant in Nikiski. Alaska's wood products industry continues to struggle, with exports off over 18% through the third quarter of 2001.

"We like to see Alaska companies export, for a number of reasons," said Deborah B. Sedwick, Commissioner of Community and Economic Development. "Not only does it improve our nation's balance of trade, bring in new money and diversify a company's customer base. It also means high paying jobs for Alaskans. That is why the state, through the Division of International Trade and Market Development (ITMD), assists Alaska companies to export," said Sedwick.

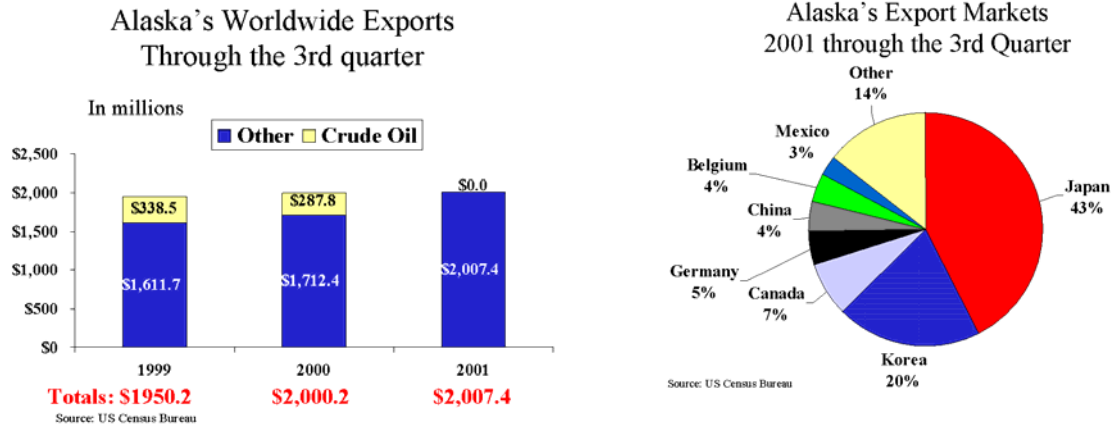
The increase in the total value of Alaska's exports is especially interesting for two reasons. One is the fact that beginning this year one of the state's primary export products, North Slope Crude, is no longer exported overseas, but instead is sent 100% to U.S. West Coast refineries. This policy decision by North Slope producers does not impact Alaska's economy, since the price is the same whether the crude oil is sold to U.S. or overseas customers. However, it had been anticipated the change in destination would negatively impact the export numbers.

Another reason trade officials anticipated a decline in Alaska's export numbers is the worldwide economic slowdown. The economies of Alaska's primary trading partners, especially Japan and Korea, have been mostly stagnant in 2001. And while Alaska's exports to Japan have borne out this projected decline, exports to Korea have increased four percent, with seafood exports particularly strong, more than double last year.

*"Promoting a healthy economy and strong communities"*

Exports to Canada have increased 22%, exports to Germany are up 245%, and exports to Mexico have increased 346%. Distribution of Alaska's markets is becoming more diversified.

Greg Wolf, director of international trade for the state, is happy about the latest numbers. "With crude oil no longer being exported, we prepared everyone for a dip in our export numbers," said Wolf. "However, seafood, minerals and fertilizer more than made up the difference. And if we take crude oil out of the picture for both years, Alaska's exports grew 17%. Alaska's businesses are diversifying, in products and in markets," said Wolf.



And export numbers for Alaska don't tell the complete story. These numbers reflect only the value of goods, not services. Many Alaska technical services firms—oil field support, environmental services, telecommunications, etc.—are also working internationally.

A recent example of Alaska's technical service firms' ability to compete successfully in international markets is Lynx Enterprises of Anchorage. Lynx is an Alaska-based firm that provides professional consulting and manpower services primarily to the oil and gas industry, but also to the fiber optic, electric cooperative/utility, environmental services and construction market sectors. Lynx partnered with Panzer Corporation of Taiwan and successfully bid and won a three-month contract with Taiwan's Environmental Protection Administration to provide planning and training services for oil spill prevention and response. "Working in international markets like Taiwan is challenging and rewarding," says Mark J. Schindler, President of Lynx. "It's good for business, good for Alaska, and helps a Pacific Rim neighbor improve its ability to plan for and respond to spills."

ITMD's trade rep in Taiwan, Ida Yao, promoted Alaska firms' abilities to key private and public sector decision makers in Taiwan in the wake of a large oil spill off the island's coast in January. ITMD has worked closely with Alaska firms and with the Department of Environmental Conservation's Spill Response and Prevention Division to make Alaska expertise available to Taiwan this year through inbound and outbound trade missions and videoconferencing.

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